

#### § 300.4

#### 10 CFR Ch. II (1–13 Edition)

company, subsidiary, regulated stationary source, state government, agency, refuge, etc.), the entity must include all elements of the organization encompassed by that management level and exclude any organizations that are managed separately. For example, if two subsidiaries of a parent company are to be covered by a single report, then all subsidiaries of that parent company must also be included. Similarly, if a company decides to report on the U.S. and Canadian subsidiaries of its North American operations unit, it must also report on any other subsidiaries of its North American unit, such as a Mexican subsidiary.

(c) A name for the defined entity must be specified by all reporters. For entities that intend to register reductions, this should be the name commonly used to represent the activities being reported, as long as it is not also used to refer to substantial activities not covered by the entity's reports. While DOE believes entities should be given considerable flexibility in defining themselves at an appropriate level of aggregation, it is essential that the name assigned to an entity that intends to register reductions corresponds closely to the scope of the operations and emissions covered by its report. If, for example, an individual plant or operating unit is reporting as an entity, it should be given a name that corresponds to the specific plant or unit, and not to the responsible subsidiary or corporate entity. In order to distinguish a parent company from its subsidiaries, the name of the parent company generally should not be incorporated into the name of the reporting subsidiary, but if it is, the name of the parent company usually should be secondary.

#### § 300.4 Selecting organizational boundaries.

(a) Each reporting entity must disclose in its entity statement the approach used to establish its organizational boundaries, which should be consistent with the following guidelines:

(1) In general, entities should use financial control as the primary basis for determining their organizational boundaries, with financial control meaning the ability to direct the finan-

cial and operating policies of all elements of the entity with a view to gaining economic or other benefits from its activities over a period of many years. This approach should ensure that all sources, including those controlled by subsidiaries, that are wholly or largely owned by the entity are covered by its reports. Sources that are under long-term lease of the entity may, depending on the provisions of such leases, also be considered to be under the entity's financial control. Sources that are temporarily leased or operated by an entity generally would not be considered to be under its financial control.

(2) Entities may establish organizational boundaries using approaches other than financial control, such as equity share or operational control, but must disclose how the use of these other approaches results in organizational boundaries that differ from those resulting from using the financial control approach.

(3) Emissions from facilities or vehicles that are partially-owned or leased may be included at the entity's discretion, provided that the entity has taken reasonable steps to assure that doing so does not result in the double counting of emissions, sequestration or emission reductions. Emissions reductions or sequestration associated with land, facilities or other sources not owned or leased by an entity may not be included in the entity's reports under the program unless the entity has long-term control over the emissions or sequestration of the source and the owner of the source has agreed that the emissions or sequestration may be included in the entity's report.

(4) If the scope of a defined entity extends beyond the United States, the reporting entity should use the same approach to determining its organizational boundaries in the U.S. and outside the U.S.

(b) Each reporting entity must keep separate reports on emissions or emission reductions that occur within its defined boundaries and those that occur outside its defined boundaries. Entities must also keep separate reports on emissions and emission reductions that occur outside the United

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States and those that occur within the United States.

(c) An entity that intends to register its entity-wide emissions reductions must document and maintain its organizational boundary for accounting and reporting purposes.

### § 300.5 Submission of an entity statement.

(a) *Determining the type of reporting entity.* The entity statement requirements vary by type of reporting entity. For the purposes of these guidelines, there are three types of entities:

(1) Large emitters that intend to register emission reductions;

(2) Small emitters that intend to register emission reductions; and

(3) Emitters that intend to report, but not register emission reductions.

(b) *Choosing a start year.* The first entity statement describes the make-up, operations and boundaries of the entity, as they existed in the start year.

(1) For all entities, it is the year immediately preceding the first year for which the entity intends to register emission reductions and the last year of the initial base period(s).

(2) For entities intending to register emission reductions, the start year may be no earlier than 2002, unless the entity has made a commitment to reduce its entity-wide emissions under the Climate Leaders or Climate VISION program. An entity that has made such a commitment may establish a start year derived from the base period of the commitment, as long as it is no earlier than 2000.

(i) For a large emitter, the start year is the first year for which the entity submits a complete emissions inventory under the 1605(b) program.

(ii) The entity's emissions in its start year or its average annual emissions over a period of up to four years ending in the start year determine whether it qualifies to begin reporting as a small emitter.

(3) For entities not intending to register reductions, the start year may be no earlier than 1990.

(c) *Determining and maintaining large or small emitter reporting status.* (1) Any entity that intends to register emission reductions can choose to participate as a large emitter, but only an en-

tity that has demonstrated that its annual emissions are less than or equal to 10,000 metric tons of CO<sub>2</sub> equivalent may participate as a small emitter. To demonstrate that its annual emissions are less than or equal to 10,000 metric tons of CO<sub>2</sub> equivalent, an entity must submit either an estimate of its emissions during its chosen start year or an estimate of its average annual emissions over a continuous period not to exceed four years of time ending in its chosen start year, as long as the operations and boundaries of the entity have not changed significantly during that period.

(2) An entity must estimate its total emissions using methods specified in Chapter 1 of the Technical Guidelines (incorporated by reference, see § 300.13) or by using the Simplified Emission Inventory Tool (SEIT) provided by EIA and also discussed in Chapter 1. The results of this estimate must be reported to EIA. [NOTE: emission estimates developed using SEIT may not be used to prepare, in whole or part, entity-wide emission inventories required for the registration of reductions.]

(3) After starting to report, each small emitter must annually certify that the emissions-related operations and boundaries of the entity have not changed significantly since the previous report. A new estimate of total emissions must be submitted after any significant increase in emissions, any change in the operations or boundaries of the small emitter, or every five years, whichever occurs first. Small emitters with estimated annual emissions of over 9,000 metric tons of CO<sub>2</sub> equivalent should re-estimate and submit their emissions annually. If an entity determines that it must report as a large emitter, then it must continue to report as a large emitter in all future years in order to ensure a consistent time series of reports. Once a small emitter becomes a large emitter, it must begin reporting in conformity with the reporting requirements for large emitters.

(d) *Entity statements for large emitters intending to register reductions.* When a large emitter intending to register emission reductions first reports under these guidelines, it must provide the